

**PROPOSED BOARD RESOLUTION**  
(Shawnee SO2 Controls Project)

WHEREAS, a memorandum from the Executive Vice President and Chief Operating Officer (COO), dated January 8, 2025 (Memorandum), a copy of which is filed with the records of the Board of Directors as Exhibit 02/13/25C recommends approval of a new capital project (SHF Project) that will ensure that TVA's Shawnee Fossil Plant is compliant with expected environmental requirements of the Regional Haze rule through at least 2032, when the requirements of the new Environmental Protection Agency greenhouse gas rule becomes operative; and

WHEREAS, as recommended in the Memorandum, the Board concludes that it is in the best interest of TVA to approve the budget for the requested capital project; and

WHEREAS, as further recommended in the Memorandum, the Board concludes that it is in the best interest of TVA to delegate authority to the Chief Executive Officer (CEO) to make the final decision to proceed with that project for purposes of the Administrative Procedure Act subject to the budget approved by the Board of Directors and relevant Board Practices and after completion of all required environmental reviews under the National Environmental Policy Act and other applicable laws;

BE IT RESOLVED, that the Board of Directors approves the budget for the SHF Project and authorizes the CEO to make the final decision to proceed with that project for purposes of the Administrative Procedure Act subject to the budget approved by the Board of Directors and relevant Board Practices and after completion of all required environmental reviews under the National Environmental Policy Act and other applicable laws.

**Approved by TVA Board of  
Directors**

**February 13, 2025**

ECM

ASSISTANT SECRETARY

January 8, 2025

Board of Directors

**SUBJECT**

Recommend the TVA Board approve the necessary budget for a new capital project to ensure that the nine coal-fired units at the Shawnee Fossil Plant (SHF) can operate within expected environmental compliance requirements at least through 2032, when the requirements of the new Environmental Protection Agency greenhouse gas rule become operative, and authorize the CEO to make the final decision to proceed with that project for purposes of the Administrative Procedure Act subject to the budget approved by the Board of Directors and relevant Board Practices and after completion of all required environmental reviews under the National Environmental Policy Act and other applicable laws.

**BACKGROUND**

The nine coal-fired units at SHF were scheduled to be in service at least through 2033, at which point they will reach their expected end-of-life based on TVA's May 2021 Aging Coal Fleet Evaluation. The nine units are included as operating assets on TVA's power supply plan at least until 2033, and they are needed to meet capacity requirements until that time. In 2024, the Environmental Protection Agency imposed new regulations for regional haze at existing coal-fired plants, which become effective in 2028.

Based on increasing regulatory pressures, additional controls--specifically, spray dryer absorbers (SDA) and dry sorbent injection (DSI)—need to be installed on 7 of 9 units to meet expected environmental regulatory requirements until the new, more-stringent Sulfur Dioxide limits as part of the regional haze requirements which become effective in 2028. While units 1 & 4 currently have both selective catalytic reduction technologies (SCRs) and SDAs and installation of SCRs is underway on units 2,3, 7 & 8 based on a previously approved project(s), the cost of installing the remaining needed control technologies is \$233 million.

**ALTERNATIVES CONSIDERED**

Management evaluated alternatives for maintaining compliance with applicable environmental controls for the SHF units beyond 2028, including co-firing and gas conversion options. Adding the needed control technologies was the least expensive option for ensuring environmental compliance until at least 2032, when the requirements of the new EPA greenhouse gas rule become operative, and the SHF units were scheduled to come offline in or around 2033 based on TVA's aging coal fleet evaluation. TVA continues to evaluate longer term compliance options for Shawnee under the greenhouse gas rule.

**RECOMMENDED ACTION**

Recommend the TVA Board approve \$233 million to install SO2 controls on uncontrolled Shawnee units to ensure that those units comply with expected environmental compliance requirements at least until the EPA's new greenhouse gas rule compliance obligations become operative in 2032, and authorize the CEO to make the final decision to proceed with that project

for purposes of the Administrative Procedure Act subject to the budget approved by the Board of Directors and relevant Board Practices and after completion of all required environmental reviews under the National Environmental Policy Act and other applicable laws.



Donald Moul  
Executive Vice President and  
Chief Operating Officer



David Fountain  
Executive Vice President and  
General Counsel

Jan 23, 2025  
Date



Jeffrey J. Lyash  
President and Chief  
Executive Officer

1/24/2025  
Date